



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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Chairman, BOE

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Executive Director

FOR IMMEDIATE RELEASE

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**CHIANG ANNOUNCES STRONG TAXABLE SALES
INCREASE IN 4TH QUARTER 2004**

Today Board of Equalization (BOE) Chairman John Chiang released preliminary statewide data showing that taxable sales increased an estimated seven percent in the fourth quarter of 2004 compared to the fourth quarter of 2003. Holiday season purchases boosted taxable sales to approximately \$131.3 billion during this period.

“The fourth quarter numbers represent an upswing for California’s economy,” said Chairman Chiang.

Chiang also noted a similar growth in income levels. “We expect to see this trend in an expanding economy. With rising income levels, we can usually bank on an increase in sales. For most of the preceding quarters of 2003 and 2004, taxable sales growth was much stronger than personal income.”

Quarterly growth rates of both taxable sales and Californians’ personal incomes have generally increased since mid-2002 (see attached chart). The increasing growth has paralleled expansions in other important California economic indicators such as nonagricultural employment and building permits.

Recent taxable sales and their year-to-year percent changes are shown below:

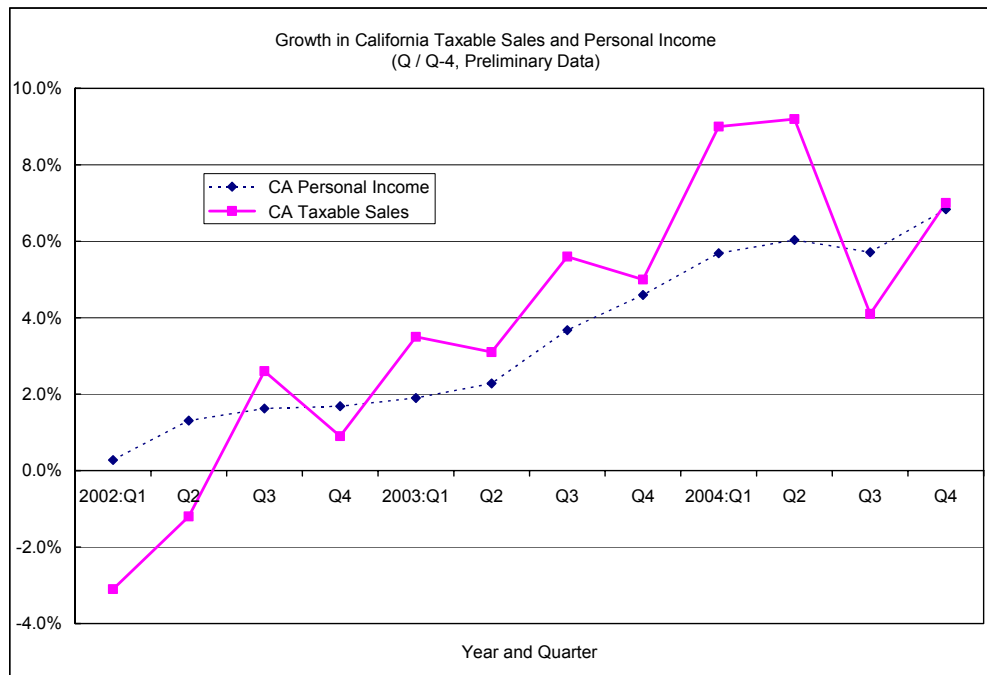
	<u>1st Qtr.</u>	<u>2nd Qtr.</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>
Taxable Sales (millions)				
2001	104,176	112,318	109,283	115,740
2002	100,957	111,017	112,170	116,805
2003	104,453	114,478	118,466	122,700
2004	113,887	125,012	123,359 (est.)	131,335 (est.)
Year-to-Year Percent Change				
2001	4.3	1.2	-2.9	-2.3
2002	-3.1	-1.2	2.6	0.9
2003	3.5	3.1	5.6	5.0
2004	9.0	9.2	4.1(est.)	7.0 (est.)

These third quarter 2004 figures are preliminary, based on raw sales tax receipts tabulated before adjustments for any late tax returns. Figures for cities and counties will not be available for another nine months.

Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

The five-member Board of Equalization is a publicly elected tax board. The Board collects more than \$44 billion annually in taxes and fees supporting state and local government services. It also acts as the appellate body for business tax appeals, franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property tax.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Bill Leonard of Sacramento/Ontario, Second District; Claude Parrish of Long Beach, Third District; and State Controller Steve Westly.



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